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Smokin' With Tobacco Money

by *Becky Mills*

Yes, Virginia, there is a Santa Claus, and he is unloading sacks filled with dollars at Kentucky cattle farms compliments of the settlements from suits filed by 46 states against cigarette manufacturers.

States use the money as they see fit, but Kentucky's governor, Paul Patton, insisted 50% of the money go to agriculture because the state's ag industry is reeling from cuts in the tobacco quota programs, more than 50% since 1997.

The state's cattle producers are having no problem finding cost-effective uses for their share of settlement money.

"Handling facilities are what we need worse than anything in this state," says Alton Crowe in western Kentucky. He also says that is what he needed most on his farm, and now, instead of his homemade, worn-out wooden facilities, he has a WW chute with an automatic head catch, AI cage, a tub, alleys, and holding pens.

"I'm really tickled we got the money to do this," Crowe says.

Catesby Simpson, another Paris producer, says, "I've spent almost all the money on genetics—semen and synchronization drugs."

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Simpson and Curry are just two of the many producers in their county to take advantage of the settlement money. Bourbon County Agent Glenn Mackie says that in "the last two years we have had \$1 million in Phase I tobacco funds. We've cost shared on 140 bulls and we've cost shared 50% on \$270,000 worth of cattle-handling materials." He also says they've cost shared another \$150,000 on forage improvements.

John-Mark Hack, director and CEO of the Kentucky Agricultural Development Fund, says all but Mississippi, Florida, Minnesota and Texas joined in the suit, and those states signed separate agreements. He says the money is supposed to keep coming as long as states are paying to treat people with tobacco-related illnesses. "It has been quantified as being worth \$206 billion over a 25-year period," says Hack.

So the money is there, and more is coming. Kentucky folks can give lessons in how to corner part of it.

Number one, do your homework before you head for the polls. "Agriculture is getting 50%, or \$60 million a year. It has been committed twice," adds Hack. "That came to be because Paul Patton wanted it to be."

He says this is even more remarkable considering Kentucky has been suffering through the worst year of budget shortfalls in its history. Number two, cooperate, cooperate, cooperate.

The Kentucky Agricultural Resource Development Authority (KARDA), composed of representatives from commodities ranging from cattle to corn, was asked to come up with a plan for allocating the tobacco money.

"It was a group effort," says Bruce

Harper, who headed KARDA when it was working on the allocation plan. As individuals, "we may have represented the Kentucky Cattlemen's Association or the pork producers, but when we came to the table, we took our individual hats off and put on our KARDA caps. We had a unified plan and unified under that plan."

Hack and Harper also give credit to ag leaders at the state's land-grant universities, as well as to Dave Maples, executive director of the Kentucky Cattlemen's Association, for helping the cause.

The result of these efforts was H.R. 611, the largest state financed ag development and diversification program in the United States.

Compare that to Tennessee, another tobacco-producing state. "There, the tobacco money was used to offset the budget shortfall," says Hack.

He adds, "In North Carolina, the commitment was made to diversify agriculture. They set up a foundation with 14 projects and \$7 million. This year, during a budget shortfall, Kentucky

has 800 projects funded for \$96.5 million statewide." Number three, be willing to put up your own bucks. "The governor wanted the producers to put up some leather," says Maples. "It is cost-share money." And not only cost share, but a good bit of it comes with strings attached. For instance, to be eligible for the full \$5,000 in cost-share money for cattle-handling facilities, producers must participate in the Certified Preconditioned for Health (CPH-45) sales. Otherwise, they are only eligible for \$1,000 of cost-share money.

In CPH-45 sales, producers bring their weaned, vaccinated, and preconditioned calves to a local

stockyard, where they are sorted and grouped with others of like kind. They sell on regular sale days in buyer-ready groups.

"We hope it will push more people to do CPH," says Simpson. Orders for CPH-45 tags have increased from 6,000 in the 2001-02 sale season to 50,000 in 2002-03. "That's a pretty phenomenal feat," says Maples.

In Washington County, producers must enroll in the CHAPS program, a cow-calf productivity record-keeping system. "It made me do what I had been wanting to do for a long time," says Springfield producer Jeff Settles. "I think we are going to have a lot of producers who are going to be glad they had to keep CHAPS records even though they aren't too thrilled about it now."

Even with the strings, producers are positive about the benefits. Kathy Meyer, who used tobacco cost-share funds to build a multipurpose weaning-feeding pen, complete with erosion-controlling filter cloth and gravel, says she and farming partner Clarence Abney would have built the pen anyway—eventually. "We haven't done anything on our farms we wouldn't have done otherwise, but we have been able to do them quicker. So we will reap the benefits quicker."

"It has to be beneficial," says Nelson Curry, "even though it may not always be immediate. It is educational to producers because there are EPD requirements on the bulls they buy with cost-share funds."

"I can already see the impact," says Maples. "Look at the difference in the numbers of calves in the CPH-45 sales—it is awesome."

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